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TRADE AND DEVELOPMENT BOARD
~~Ad Hoc Working Group on Investment and~~
Financial Flows; Non-debt-creating
Finance for Development; New Mechanisms
for Increasing Investment and Financial Flows
Fourth session
Geneva, 28 March 1994
Agenda item 2

PREPARATION OF THE DRAFT FINAL REPORT

Draft final report of the Ad Hoc Working Group on Investment and Financial Flows

Amended text of Chapters IV and V

## IV. TECHNICAL COOPERATION

59. The Working Group identified the following areas where technical assistance should be strengthened, with special attention being paid to African countries and LDCs:

### A. *Foreign direct investment*

(a) Review of FDI regimes of individual countries within their economic policy framework, in order to enhance the regimes' competitiveness, transparency and consistency with other rules and regulations;

(b) Adaptation of the institutional machinery and administrative framework with a view to facilitating and recording FDI flows;

(c) Assistance to developing countries and countries in transition in determining whether sectors where possibilities for FDI are limited could benefit from an increased opening to FDI;

(d) Support to host countries in structuring and negotiating specific FDI projects, upon the specific request of a host Government.

*B. Foreign portfolio equity investment*

(a) Advisory and educational services for developing countries on appropriate policies and measures to develop and strengthen capital markets and attract FPEI;

(b) Seminars to be held at the country and regional levels, with the participation of the private sector, on the role of FPEI in the mobilization of resources and on appropriate policies to develop domestic capital markets.

*C. BOT arrangements*

- Technical support, including national and regional seminars and workshops, for developing countries and countries in transition to upgrade their institutional capacity to identify, design, negotiate, and implement BOT schemes.

## V. ASSESSMENT OF THE IMPLEMENTATION OF THE WORK PROGRAMME

60. As requested by the Board at its first executive session in September 1992, the Ad Hoc Working Group assessed the implementation of its work programme as a contribution to the mid-term review and evaluation exercise to be undertaken by the Board in May 1994. At its fourth session, the Group recognized that its work programme was overly ambitious and that it had therefore not been able to give full consideration to all the issues mentioned in that programme.

61. The results achieved by the Working Group were on the whole in line with the expectations expressed in the Cartagena Commitment. The Working Group provided a useful forum for the exchange of experiences in the area of non-debt- creating finance. On the strength of 11 country case studies, reports by the UNCTAD secretariat and the active participation of national experts, representatives of international organizations and non-governmental actors, particularly from the private sector, the Working Group provided an enriched substantive and technical basis for policy discussion, negotiation and decisions. Its deliberations resulted in a convergence of views on a wide range of policy issues, which could assist both host and home countries in policy formulation and implementation.

62. The Working Group recognized that, though several areas of convergence had been identified, further intergovernmental consideration on a number of other areas was needed in order to complete and refine the work.

63. The Working Group identified a number of areas where technical cooperation should be strengthened. To be effective, technical cooperation needs to be adequately funded. The Group, therefore, encouraged bilateral and multilateral donors to give due consideration to funding technical cooperation activities identified above.

64. The Working Group regretted that the unavailability of funds had severely constrained the participation of African countries and LDCs. This was evidenced by the small number of experts from those capitals and the paucity of case studies submitted by those countries. The Working Group recalled that at its first session an appeal had been made to donor countries to establish adequate trust fund arrangements to cover the travel expenses of experts from some developing countries, especially from LDCs. Multilateral and bilateral donors were also asked to consider making funds available to these countries to enable them to prepare country studies.

65. With a view to attracting national experts who could benefit from interactions with non-governmental actors and representatives of international institutions, and taking into account the different levels of development of developing countries and countries in transition, the Working Group recommended that seminars and workshops on FPEI and BOTs be organized at the country and regional levels, where possible in cooperation with the United Nations regional commissions and other regional organizations.

66. Recognizing the high analytical and technical value of the work undertaken, which could be of great benefit to countries in their policy-making process, the Working Group recommended a wide dissemination of its documentation in the form of a United Nations publication. For this purpose, the UNCTAD secretariat was requested to prepare a compendium including the final report of the Working Group, as well as supporting documents. In particular, the Working Group requested that its final report be made available to the Commission on Transnational Corporations and to the Development Committee.